

**LEASE MODIFICATION**  
**LEASE # 26549**

**THIS AGREEMENT**, Made and entered into this 27 day of <sup>September</sup> ~~September~~, **2008**, by and between **John Noel Gallagher, a/k/a John Noll Gallagher, a married man dealing in his sole and separate property**, whose address is **201 Boner Drive, Elkview, WV 25071** parties of the first part, hereinafter called "Lessors", and **CHESAPEAKE APPALACHIA, L.L.C.**, an Oklahoma limited liability company, the surviving entity of the merger with Columbia Natural Resources, LLC (formerly known as Columbia Natural Resources, Inc.) of 900 Pennsylvania Avenue, Charleston, West Virginia 25302, party of the second part, hereinafter called "Sublessee" as acknowledged and agreed by Columbia Gas Transmission Corporation, hereinafter called "Sublessor";

**WITNESSETH:**

**THAT WHEREAS**, by agreement dated January 3, 1962, T. J. Yoho, et al granted to The Manufacturers Light and Heat Company, predecessor in title to Sublessor, as lessee thereunder, an oil and gas lease covering a tract of land containing 100.00 acres, more or less, situate in Liberty District, Marshall County, West Virginia, and recorded in the Clerk of the County Commission in Book 353 at Page 141; and

~~**WHEREAS**, said agreement dated \_\_\_\_\_, was modified by agreement dated \_\_\_\_\_ by \_\_\_\_\_ and \_\_\_\_\_, predecessor in title to Columbia Gas Transmission Corporation, to provide for the production and storage of natural gas, and recorded in the Clerk of the County Commission of \_\_\_\_\_ County in Book \_\_\_\_\_ at Page \_\_\_\_\_, hereinafter the "Lease" as modified; and~~

**WHEREAS**, by sublease agreement dated September 2, 2004 and recorded in the Offices of the Clerks of the County Commissions of Marshall and Wetzel Counties, West Virginia in Deed Book 642, at page 281 and Book 84-A, at page 129 respectively, Columbia Gas Transmission Corporation granted to Columbia Natural Resources, LLC (predecessor in title to Chesapeake Appalachia, L.L.C.), all rights necessary for the PRODUCTION OF OIL AND GAS in all formations EXCEPT the interval from 250 feet above the top of the Greenbrier Limestone (inclusive of all Maxon sands) to 50 feet below the base of the Pocono Big Injun formation being reserved or operated for storage, hereinafter the "Sublease" and which Sublease has been modified and amended by that certain agreement dated June 1, 2007, and effective as stated therein (the "Sublease Agreement");

**WHEREAS**, Lessors are now the owners of the oil and gas rights underlying the land covered by said Lease that is situate in Liberty District, Marshall County, West Virginia; and

**WHEREAS**, Lessors and Sublessee, for their mutual benefit, with the consent of Sublessor, desire to amend and modify said Lease agreement in order to facilitate the formation of drilling units.

**NOW THEREFORE**, in consideration of the premises and the sum of One Dollar (\$1.00) paid by the Sublessee to Lessors, the receipt of which is hereby acknowledged, and of the covenants hereinafter contained, Lessors and Sublessee hereby supplement and modify said Lease as follows, to-wit:

**DELAY IN MARKETING:** In the event that Sublessee does not market producible gas, oil or their constituents from the Leasehold, or lands pooled/unitized therewith, Sublessee may continue to pay Delay Rental at the rate of Five Dollars (\$5.00) per acre annually until such time as marketing is established, or until the end of the Sublease term, as it relates to the acreage described herein, if marketing is not established by that time.

**UNITIZATION:** Lessors grant Sublessee the right to pool, unitize, or combine all or any part of the Leasehold with any other land, leased or unleased, whether owned by Sublessee or others, to create drilling or production units either by contract right or pursuant to governmental authorization. In the event of the unitization of the whole or any part of the Leasehold, Sublessee shall, either before or after the completion of a well, record a copy of its unit operation designation in the county in which the Leasehold is located. Sublessee is granted the right to change the size, shape, and conditions of operation of any unit created, without the consent of Lessors. As to such a unit, Lessors agree to accept and receive out of the production or the proceeds from the production of such unit, such proportional share of the royalty from each unit well as the number of acres in the Leasehold which may be included from time to time in the unit bears to the total number of acres in the unit. Otherwise, the drilling, operations for drilling or any operations in preparation for drilling, or any production from a well on such a unit shall have the same effect upon the terms of this Lease, as amended and modified hereby, as if the operations or well were on this Leasehold itself, except for the FREE GAS clause, of which the Lessor acknowledges is hereby expressly released and terminated by this Lease Modification.

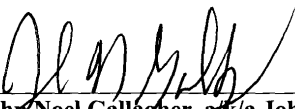
**SHUT-IN:** In the event that production of oil, gas, or their constituents is interrupted and not marketed for a period of six months, and there is no producing well on the Leasehold, or lands pooled/unitized therewith, Sublessee may thereafter, as Royalty for constructive production, pay a Shut-in Royalty equal in amount and frequency to the Delay Rental until such time as production is re-established and said payment shall maintain the above-referenced lease and modification in full force and effect to the same extent as payment of Royalty. During Shut-in, Sublessee shall have the right to rework, stimulate, or deepen any well on the Leasehold or drill a new well on the Leasehold in an effort to re-establish production, whether from an original producing formation or from a different formation. In the event that the production from the only producing well on the Leasehold is interrupted for a period of less than six months, the above-referenced Lease and Modification shall remain in full force and effect without payment of Royalty or Shut-in Royalty.

SUBLESSEE shall have the right to perform geophysical studies through the use of seismic research and other means and methods not restricted to current technology.

LESSOR ratifies the aforesaid Lease dated January 3, 1962 and ~~modification agreement dated \_\_\_\_\_~~, as hereby amended and modified, and acknowledges that it is a valid and subsisting Lease and shall remain in full force and effect according to the terms and tenor thereof unless otherwise specifically amended hereby.

This agreement extends to and is binding upon the parties hereto, their respective heirs, successors, administrators, executors and assigns.

**WITNESS** the following signatures and seals all as of the day and year above first written.

  
\_\_\_\_\_  
John Noel Gallagher, a/k/a John Noll Gallagher

**COLUMBIA GAS TRANSMISSION CORPORATION**

By: \_\_\_\_\_  
Its: Sheree L. Parks Downey  
Director, Asset Management

JAN PEST  
MARSHALL County 01:07:26 PM  
Instrument No 1268950  
Date Recorded 05/18/2009  
Document Type O&G  
Book-Page 681-81  
Recording Fee \$10.00  
Additional \$6.00

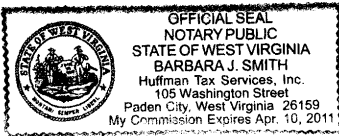
ACKNOWLEDGMENT

STATE OF WEST VIRGINIA

COUNTY OF Tyler, to-wit:

On this the 27 of October, 2008, before me, Barbara J. Smith  
a Notary Public, came **John Noel Gallagher, a/k/a John Noll Gallagher, a married man**  
**dealing in his sole and separate property**, to me known (or to be satisfactorily proven) to be  
the individual(s) described in, and who executed the foregoing instrument, and acknowledged  
that they executed the same for the purpose therein contained.

In witness thereof, I hereto set my hand and official seal.



Barbara J. Smith

My commission expires on: April 10 2011

ACKNOWLEDGMENT

STATE OF WEST VIRGINIA

}  
}  
} ss.  
}

COUNTY OF KANAWHA

On the 27<sup>th</sup> day of October, in the year 2008, before me, the  
undersigned, a Notary Public in and for said State, personally appeared  
JOHN NOEL GALLAGHER personally known to me or proved to me on the basis of  
satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within  
instrument and acknowledged to me that he/she/they executed the same in his/her/their  
capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the  
person upon behalf of which the individual(s) acted, executed the instrument.

Barbara J. Smith

Notary Public

This instrument was prepared by  
Chesapeake Appalachia, L.L.C.  
900 Pennsylvania Avenue  
Charleston, WV 25302

